

Chris Mashiba <cmashiba@cades.com>

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Dear Tom:

The following responds to your letter of May 24, 2012 regarding the draft final audit report for the 2009-2010 election cycle audit of Djou for Hawaii ("the campaign"). The campaign waives its right to a hearing before the Commission to respond to the draft final audit report, but would like to raise two matters with the FEC Audit Division ("Audit Division") regarding the third finding in the draft final audit report (Reporting of Debts and Obligations).

First, it is our understanding that the Audit Division's review of a statistical sample of the campaign's records identified 15 debts totaling \$124,317.79 that should have been disclosed on the campaign's reports. We further understood that based on this statistical sample, the Audit Division then estimated that the campaign's records in their entirety likely contained 40 debts totaling \$168,990 that should have been disclosed on the campaign's reports. In several places, the draft final audit report lists the totals of \$168,990 or 40 debts, but does not make clear that this total was an extrapolation and was estimated based on a statistical sample and is significantly higher than the amount of unreported debt actually identified by the Audit Division in the audit. The campaign requests that the Audit Division modify the language in the draft final audit report each time the totals of \$168,990 or 40 debts are listed to make clear that these figures were extrapolated estimates based on a review of a statistical sample of the campaign's activity and that the actual amount of unreported debt identified in the audit was only \$124,317.79.

Second, the campaign wants to make clear that following the adoption of the final audit report, if the Commission decides whether to take any additional action concerning the third finding in the draft final audit report, the lower figure of \$124,317.79 should be used given that it reflects the actual amount of unreported debt that the Audit Division identified in the audit.

If you have any questions regarding these two matters concerning the draft final audit report, please do not hesitate to contact me.

Sincerely,

Chris Mashiba
Treasurer, Djou for Hawaii
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